Introduction

As is evident in the Sustainable Development Goals (SDGs), the issue of inequality relates not only to so-called vertical inequality associated with the distribution of income, wealth and other economic resources among individuals but also to horizontal inequality between social groups, differentiated, for example, by race, ethnicity and gender.

The United Nations initiative to launch the Women's Empowerment Principles in 2010 highlighted growing awareness of gender equality as a material issue within the field of corporate sustainability accounting. And the Children's Rights and Business Principles, adopted in 2012, reinforced the need for companies to extend responsibility beyond conventional issues (such as child labour and child-sensitive advertising) to others such as caregiving and the payment of living wages.

Gender equality in the workplace, and more generally, has since gained greater global attention due to the SDGs and specific SDG targets (see Box 6.1), as well as new guidance published in 2019 on Gender Dimensions of the Guiding Principles on Business and Human Rights.


The recognition of gender diversity, inclusion and pay equity as important dimensions of corporate sustainability performance is due not only to rights-based expectations and pressures but also to economic analysis confirming that gender equality within corporate structures is good for the bottom line, competitive advantage and GDP growth. This issue area, then, is not so much a blind spot within corporate sustainability disclosure and reporting as it is one where meaningful quantitative performance metrics are substantially lacking, as are context-based targets to measure progress through time.

From the perspective of gender justice and transformative change, it is important to rethink priorities and metrics within corporate sustainability accounting related to gender equality in the workplace. This chapter focuses on three specific key performance issues and related indicators: (i) the gender pay gap; (ii) gender balance within corporate structures; and (iii) corporate support for caregiving.

While corporate sustainability reporting may address these issues, the indicators used often do not allow management and other stakeholders to effectively gauge performance related to gender equality in any comprehensive sense. The measurement of the gender pay gap is clouded by methodological issues, underreporting, or the tendency to provide one company-wide figure rather than a breakdown by occupational or income categories. In the case of gender balance, attention focuses heavily on women’s representation at the highest executive levels, or on company boards, rather than diversity within different occupational and hierarchical categories. In the case of care, attention often focuses narrowly on one aspect—maternity or paternity leave associated with pre- and post-natal care or adoption—rather than care as a multifaceted and ongoing lifecycle issue. Furthermore, sustainability accounting related to these issue areas often remains divorced from setting time-bound targets.

**Box 6.1. Gender-specific SDG targets and goals**

Sustainable Development Goals 1, 5 and 8—on poverty reduction, gender equality, and decent work respectively—contain various targets that have direct implications for corporate sustainability performance and accounting. Particularly relevant are the following targets:

- **1.4:** By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance.
- **5.2:** Eliminate all violence against and exploitation of women and girls in the public and private spheres, including trafficking and sexual and other types of exploitation.
- **5.4:** Recognize and value unpaid care work … and [promote] shared responsibility within the household and the family...
- **5.5:** Ensure women’s full and effective participation and equal opportunities for leadership at all levels of decision-making … including women in managerial positions (indicator 5.5.2).
- **8.5:** By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value, measured by comparing “average hourly earnings of female and male employees, by occupation, age and persons with disabilities” (indicator 8.5.1).
- **8.7:** Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour...
- **8.8:** Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular, women migrants, and those in precarious employment.

* See the 2030 Agenda for Sustainable Development goals, targets and indicators at https://sustainabledevelopment.un.org/?menu=1300

132 See, for example, Desjardins 2018; Hunt et al. 2015; Lagarde and Ostry 2018; Lee et al. 2015; RobecoSAM 2015; and Woetzel et al. 2015.
Structural dimensions of gender disadvantage in the workplace

When structural barriers for women in the world of work are addressed in a systematic and comprehensive way, through a combination of sound policies, legislation and practices, gender gaps can be reduced. Investing in transformative policies is essential to achieving gender equality. ... Redistributing unpaid care work by promoting a more equal division between women and men, and between families and society must be a prime objective. Only when care is put at the centre of social and economic policies will a better future of work for women—and for men—be possible.

ILO (2019:104)

From a structural perspective, what is the core issue underpinning gender inequality and women’s disadvantage in the workplace? Essentially, the issue relates to segmented labour markets, cultural bias and the gender division of labour associated with caregiving. Women’s paid work is often concentrated in low-paid, low-quality jobs. Furthermore, advancement within the workplace and career structures remains heavily constrained by cultural norms and bias that disadvantage women. These constraints reinforce the so-called double burden: increased involvement of women in paid work occurs in a context where they continue to assume primary responsibility for unpaid family care provision.

A key aspect of distributive (in)justice, namely the gender pay gap, relates to these elements. For example, we see evidence of this gap in the tendency to offer women job applicants lower starting salaries either because of the low-wage expectations that both women applicants and employers may have, and/or due to women’s relatively weak bargaining position. Additionally, women who take a career break for care-related reasons experience an even greater pay gap. Moreover, the wage penalty associated with what can be dubbed the motherhood gap tends to widen as the number of children a woman has increases (Grimshaw and Rubery 2015). More indirectly, cultural norms intervene to constrict female participation in education related to science, technology, engineering and mathematics which are considered pathways to higher paid jobs (OECD 2017).

The upshot of these conditions is reflected in the following stark facts presented by the ILO and UN Women:

- Women remain less likely to participate in the labour market than men around the world. The labour force participation rate for women aged 25-54 is 63 percent compared to 94 percent for men; and it is just 48.5 percent if younger women (age 15 and above) and older women (over 55) are also included (UN Women 2018).
- Women are proportionately over-represented in low wage jobs. Globally, there is a gender wage gap of 22 percent when calculated on the basis of median monthly wages (ILO 2018a).
- Among high-income countries, the widening of the gender pay gap is particularly evident at the upper end of the wage distribution, while in low- and middle-income countries this is more apparent at the low end of the distribution (ILO 2018a).
- Across the world, the proportion of women declines, sometimes sharply, as they transition from lower to higher hourly wages (ILO 2018a).
- Women’s ongoing disadvantage in all occupational categories is pronounced even though girls and women have made significant gains in educational achievement relative to boys and men. In many countries, women are more highly educated than men in the same occupational categories but earn lower wages (ILO 2018a).
- Women’s work is undervalued in highly feminized occupations and enterprises. The wages of women and
men with similar levels of education tend to be lower in highly feminized jobs than in other occupations (ILO 2018a).

- Women bear disproportionate responsibility for unpaid care and domestic work. Women tend to spend around 2.5 times more time on unpaid care and domestic work than men. The amount of time devoted to unpaid care work is negatively correlated with female labour force participation (UN Women 2018a).
- Women are less likely to have access to social protection. Gender inequalities in employment and job quality result in gender gaps in access to social protection acquired through employment, such as pensions, unemployment benefits or maternity protection. Globally, it is estimated that nearly 40 percent of women in wage employment lack access to social protection (UN Women 2018a).
- Women are constrained from achieving the highest leadership positions. In 2019, only 6.6 percent of Fortune 500 CEOs were women.133

As noted in this chapter’s opening quotation, public policy and government regulation need to play a central role in addressing these issues. There is, however, ample room for both corporations and CSR or ESG standard-setters to measure and enhance sustainability performance in this area.

Meaningful progress related to gender diversity, pay gaps, and care—when combined with progress in other issue areas examined in Part 2—could do much to advance the cause of gender equality and achieve several of the SDG targets. Directly relevant in this regard is the question of the living wage, addressed in the previous chapter. It is important that calculations of the living wage include some provision for the cost of caregiving. Also key is collective bargaining, addressed in Chapter 8, and the representation of women and women’s interests within trade unions. As noted by the ILO:

Collective representation and social dialogue, including collective bargaining, that embrace gender diversity are better positioned to navigate future of work transitions and to more swiftly pursue all the paths that lead to a better future for women at work. It is not a matter of “fixing” women but rather ensuring that the environment is receptive to women’s voice and that barriers are removed to allow women to participate in enterprise, national and international social dialogue processes (ILO 2018:18-19).

The notion of collective bargaining also extends to other forms of social organization and mobilization. Women workers at Amazon, for example, referred to as Momazonians, have joined together in a campaign to extend care-related benefits beyond pre- and postnatal care to back-up care for children (Soper and Greenfield 2019).

The gender pay gap

A key dimension of income inequality within corporate structures relates to the “unadjusted” gender pay gap. This is not the same as unequal pay for equal work, which is illegal in many countries.134 While measurement of the latter requires comparing the remuneration of employees doing the same work, or work requiring essentially the same skills, the former is the average remuneration of females as a percentage of that of males, measured in terms of monthly or hourly earnings. The difference between the two measures is generally significant. Measuring the median salary of men and women with the same job and qualifications, the data and compensation software company PayScale finds that women in the United States earn USD 0.98 for every dollar earned by men with the same job. This compares with USD 0.81 for the unadjusted gender pay gap (PayScale 2020).135

The unadjusted gender pay gap provides a broader measurement of gender disadvantage that can arise from sectoral or occupational gender segregation (also known as polarization), and of gender disadvantage that arises when the level of women’s remuneration and possibilities for full-time work and promotion...
are suppressed by educational disadvantage, care responsibilities, and cultural norms and bias that restrict women’s remuneration relative to that of men.\textsuperscript{16}\n
For this reason, the pay gap figure should be unadjusted; in other words, it should not consider differences in, for instance, hours worked, experience and education. The unadjusted or raw figure, then, captures the fact that women’s lower pay may be a function of women’s employment being concentrated in relatively low-paid jobs or sectors, taking time off or working part-time given maternity and other care responsibilities, or because men are favoured in promotions and bonus pay. As a Eurostat study notes: “The unadjusted GPG [gender pay gap] is therefore a rather complex indicator. Its measurement covers both possible discrimination between men and women through ‘unequal pay for equal work’ and the differences in the average characteristics of male and female employees” (Leythienne and Ronkowski 2018:6).

Such disclosure allows stakeholders to identify variations in company performance—say, top performers versus laggards or those making incremental adjustments. This data can also provide a useful management tool, pointing, for example, to the need for more flexible working arrangements if part-time work is a significant gap factor, or to actions that encourage the promotion of women if the gap is particularly wide in senior management levels.\textsuperscript{17}\n
The basic calculation—earnings of men minus earnings of women as a percentage of the earnings of men—may be based on mean or median average hourly or monthly earnings. The median average, however, is sometimes considered more appropriate as it prevents outliers from distorting the average and better reflects the experience of most employees.\textsuperscript{18} But as Unilever (UK) explains in its gender pay gap report, the mean can also reflect the fact that one gender, generally men, occupies the bulk of the highest paying top management positions (Unilever 2019b). It is important, therefore, for gender pay gap calculations to include not only base salary but also compensation associated with incentives and bonuses.

Mean and median calculations can provide quite different readings for the same company. In terms of hourly earnings, Unilever (UK) reports a mean gender pay gap of 8.8 percent in favour of men and a median favouring women of 2.5 percent. In terms of bonus pay, the median for women is 50.4 percent higher than that of men, while the mean for men is 37.2 percent higher than that of women.\textsuperscript{19}\n
Furthermore, while figures are often based on the remuneration of full-time employees, factoring in part-time employees provides a broader perspective on gender inequality. For instance, in the UK the gender pay gap doubles from 9.1 percent when based on full-time employees to 18.4 percent when part-time employees are included.\textsuperscript{20}\n
In the United States, an ADP Research Institute study found that while the entry level base salary pay gap was 82 percent between 2010 and 2016, “[t]he average bonus amount for women was less than two-thirds of the amount paid to men who had equivalent base pay, age, and tenure. This incentive pay disparity was observed across all age, salary, and industry groups from the moment of hire and persisted throughout the six-year study window” (Goldar et al. 2019:3).

According to RöbcoSAM (2015:13), in 19 out of 24 industry groups the pay gap at management level was greater when taking bonuses into account: “While a gap in base pay appears to be structural and may be influenced by other factors such as the distribution of men and women in support versus profit generating roles, management incentives are more likely to be discretionary so a widening pay gap here raises the possibility that women in management roles are being consistently underrewarded”.

For the above reasons, it is important to measure the gender pay gap for the company as a whole and by different occupational and hierarchical categories. Such data, from the ADP Research Institute, are presented in Table 6.1.

Data disaggregated by multiple hierarchical or occupational categories can reveal where bottlenecks occur. It is important not to mask the scale of disadvantage in one category by conflating categories where variations may be

\textsuperscript{13} See: ILO 2018; Leythienne and Ronkowski 2018; OECD 2017; Eurofound 2010.

\textsuperscript{14} See Financial Times 2018c. The ILO points out that not only the choice of mean or median averages, but also monthly or hourly wages can significantly affect calculations of the gender wage gap: “Using these four different combinations (mean/median and hourly/monthly), the report finds that the weighted global estimates range from about 16 percent to 22 percent, depending on which measure is used. The gender pay gap of 22 percent is obtained when using median monthly wages” (ILO 2018: xv).

\textsuperscript{15} See ILO 2018.\n
\textsuperscript{16} Unilever explains the difference in the following terms: “Mean figures represent the average across our whole workforce, so are particularly impacted by the highest earners in the UK business—generally senior management roles, more of which are held by men. Median figures represent the midpoint of our workforce and so are higher for women, reflecting the fact that more of our manufacturing roles are held by men, with more women in the higher paid managerial roles in this area of the business” (Unilever 2019b:4).

\textsuperscript{17} Cited in The Telegraph 2018.

\textsuperscript{18} Cited in The Telegraph 2018.
significant. Regarding the gender wage gap, in 2009 Brazilian Banco Bradesco, for example, reported a significant variation in wage gaps: 75 percent for administrative staff and 94 percent for “supervisors and technicians”. In more recent integrated reports from the bank these categories have been merged, and a gap of 85 percent for “supervisory/administrative staff” was reported in 2016.\[141\]

There needs to be far greater consistency in methods for calculating the gender pay gap. As noted by Equileap (2018a:6): “Those companies that do report their gender pay figures use a number of different methods. For disclosure to have maximum impact, there needs to be a commonly adopted standard, which includes annual, public reporting of gender-segregated pay in different employee levels, rather than issuing one overall figure, which can be misleading”.

### Gender diversity

As noted above, the gender pay gap is partly explained by the concentration of women in lower-paid occupational categories and restricted mobility within career structures. The metaphors of the glass ceiling and the sticky floor capture graphically the structural problem of limited gender diversity and mobility along managerial pathways.

To date, much of the focus in corporate sustainability reporting has been on the glass ceiling, particularly on promoting gender diversity within the boardroom and senior management. But a more granular approach is needed. RobecoSAM (2015) points out that measurement and disclosure related to gender diversity need to be able to shed light on a dual transition, namely, from operational to supervisory roles, and from junior to senior management. To this we can add, of course, a third transition, namely from the “sticky floor” of the home where care responsibilities assumed by women may constrain entry, or re-entry, into paid work.

Referring to the lack of progress in women’s representation in the workplace in “corporate America” (USA and Canada), McKinsey’s Women in the Workplace 2018 study notes that:

The two biggest drivers of representation are hiring and promotions, and companies are disadvantaging women in these areas from the beginning. Although women earn more bachelor’s degrees than men, and have for decades, they are less likely to be hired into entry-level jobs. At the first critical step up to manager, the disparity widens further. Women are less likely to be hired into manager-level jobs, and they are far less likely to be promoted into them—for every 100 men promoted to manager, 79 women are. Largely because of these gender gaps, men end up holding 62 percent of manager positions, while women hold only 38 percent (Lean In and McKinsey & Company. 2018).

While the GRI reporting standards, presented in Annex 8, call on companies to disclose

<table>
<thead>
<tr>
<th>Managerial level</th>
<th>% of employees</th>
<th>Hourly wage (US$)</th>
<th>Gender pay gap (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Female</td>
<td>Male</td>
<td>Female</td>
</tr>
<tr>
<td>6th level</td>
<td>15</td>
<td>85</td>
<td>164</td>
</tr>
<tr>
<td>5th level</td>
<td>19</td>
<td>81</td>
<td>121</td>
</tr>
<tr>
<td>4th level</td>
<td>23</td>
<td>77</td>
<td>98</td>
</tr>
<tr>
<td>3rd level</td>
<td>35</td>
<td>65</td>
<td>61</td>
</tr>
<tr>
<td>2nd level</td>
<td>37</td>
<td>63</td>
<td>46</td>
</tr>
<tr>
<td>1st level</td>
<td>43</td>
<td>57</td>
<td>36</td>
</tr>
<tr>
<td>Managers w/o directs</td>
<td>44</td>
<td>56</td>
<td>36</td>
</tr>
<tr>
<td>Non-managers</td>
<td>48</td>
<td>52</td>
<td>22</td>
</tr>
<tr>
<td>All</td>
<td>47</td>
<td>53</td>
<td>34</td>
</tr>
</tbody>
</table>

Source: Yildirimz et al. 2019

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gender balance for different “employee categories”, it is left up to companies to decide what these might be. Furthermore, the presentation of data in annual snapshots makes it very difficult to assess progress. A presentation format that allows both management and other stakeholders to easily grasp whether firms reinforce glass ceilings and sticky floors, make minor adjustments, or fundamentally transform them over a period of several years is very helpful in this regard.

For instance, the annual Women in the Workplace report referred to above provides relevant indicators and a user-friendly data presentation format to capture these transitions related to gender diversity in the United States and Canada.142

Moreover, this format can be adjusted to reflect other dimensions of diversity and inequality, such as race and ethnicity. Figure 6.1 also presents data from the same McKinsey study showing variations in representation of Black and White employees (male and female). This breakdown allows management, employees, trade unions and other stakeholders not only to observe clearly how gender or ethnic diversity are faring (read diminishing) as one rises through the corporate structure, but also to pinpoint at which level lack of diversity is a more salient issue.

A 2019 report by the ADP Research Institute, providing data on gender balance across eight hierarchical categories in United States companies, notes that “[t]he fourth management level...appears to define the “glass ceiling”—a steep decline in female representation even from the third level” (Yildirim et al. 2019:6). For further information, see the ADP data presented in Table 6.1.

Care

Gender inequality in unpaid care work is the missing link in the analysis of gender gaps in labour outcomes, such as labour force participation, wages and job quality.

Ferrant et al. 2014

Caregiving has been identified as the biggest obstacle to women’s employment, equitable pay and the quality of women’s jobs (ILO 2019). In general, women are overburdened with responsibilities for care that constrain participation in full-time paid work and promotion within career structures. The concept of the care diamond points to the varied institutional sites—the state, family/
households, market/for-profits, and not-for-profits/community organizations—where care is provided (Razavi 2007). Much feminist analysis has focused on contexts of economic liberalization, where there has been a reconfiguration of this architecture, involving a decline in state-led material support and regulation, and increased provision of market-led care services. These developments often give rise to significant financial and time-use burdens at the level of the family/household that particularly impact women (UNRISD 2010b,c).

As noted by the Equal Pay International Coalition (EPIC) in the context of its work on rethinking indicators on gender equality, “There is substantial evidence to suggest that in the vast majority of countries, both participation and the pay gaps between women and men widen at the onset of parenthood. Far from being a short-term effect, evidence shows that the effect of parenthood during the reproductive ages expands over the life cycle of women, while men do not seem to suffer the same consequences” (EPIC 2019).

The so-called motherhood penalty extends across women’s lives within the sphere of paid work, affecting opportunities for employment, levels of pay, promotion and work-life balance. As depicted in Figure 6.2, unlike men, women not only experience a sharp decline in earnings following the birth of a first child but this penalty persists through time, albeit with significant variations by country.

Analysis of a group of the 200 most productive companies (by gross value added per worker) in the United Kingdom shows that women’s representation relative to men’s declines significantly in the late thirties to late forties age range (Financial Times 2019b).

Conventional corporate policies and reporting on care-related aspects have largely ignored the longer term lifecycle dimension of care, opting instead to focus on an approach to care that has an extremely short-term horizon, namely maternity or parental leave. More recently, flexitime and teleworking are being added to some reporting guidelines.

Beyond the need to comply with laws governing maternity or parental leave associated with childbirth or adoption, corporations have been let off lightly when it comes to responsibilities and support for care. This is particularly apparent in the United States, which is the only OECD country where employers are not mandated by federal law to provide paid maternity or parental leave. According to the Society of Human Resource Management, only 2 percent of employers in the United States help employees pay for childcare fees, and only 4 percent offer backup childcare services (SHRM 2018).

But as gender equality in the workplace, work-life balance and the double burden gain greater visibility, new norms and expectations about care have emerged. This has not only led to increasing demands for public policy support and regulation but also drawn attention to the need for corporations to become more engaged.

**Beyond maternity and parental leave**

Companies can adopt a range of measures to support women or parents with children and other care responsibilities, not just elder care. Some measures have no or very low cost implications for firms, beyond administrative
costs. An example is providing information to employees about local care facilities or pre-tax schemes, such as the Dependent Care Assistance Plan (DCAP) in the United States and vouchers in the United Kingdom, which allow a parent-employee to set aside part of their wages to pay for childcare expenses and receive tax benefits.

A key innovation being adopted by some companies in several sectors relates to time management arrangements that allow parents to vary their work schedules to better accommodate care needs or to work off-site.\(^{145}\) The latter usually involves teleworking from home. A large survey of business leaders in eight countries found that first among 17 forces that could potentially affect the future of work in the next five years was employee expectations for improved work-life balance and flexible work arrangements (Fuller et al. 2019).

A 2018 survey of employers in the United States found that flexible working benefits, such as telecommuting, flextime and compressed work weeks, encourage work-life balance and can result in higher productivity and more engaged employees. More than two-thirds (70%) of organizations offer some type of telecommuting, either on a full-time, a part-time and/or an ad-hoc basis, up from 62% last year and 59% in 2014; telecommuting on an ad-hoc basis rose by 14 percentage points since 2014 (68% in 2018 vs. 54% in 2014) with much of that increase occurring since 2017 when 59% of organizations offered this benefit. Telecommuting on a part-time basis also rose considerably over the last five years, with 37% of organizations offering this benefit in 2018 compared with 29% in 2014 (SHRM 2018:13).

Beyond complying with laws mandating paid maternity or paternity leave, providing extended periods of maternity and parental leave also has significant cost implications for firms. In the United States, for example, where there is no federal law mandating paid maternity leave, several high-profile corporations are not only providing several weeks of fully paid leave but also granting longer leave periods. Other measures include subsidies and reimbursement to lower the cost of care services; support for backup emergency care;\(^{145}\) material support for local childcare centres in return for preferential access for company employees, provision of on-site facilities, and consortium arrangements where two or more companies pool resources to facilitate access to care services.

The Women in the Workplace 2018 study of 279 companies in North America found that those surveyed were far more likely to support telework, flextime and parental leave initiatives than other forms of care support (see Table 6.2).\(^{146}\)

Data for the United Kingdom suggest limited progress. According to the Timewise Flexible Jobs Index 2019,\(^{146}\) the percentage of job advertisements offering flexible working options (including part-time work) increased slowly from 9.5 percent in 2015 to 15.3 percent in 2019. With an estimated 87 percent of employees wanting to work flexibly, this is well-short of the high demand.

<table>
<thead>
<tr>
<th>Table 6.2. Work-life balance and care support in the United States and Canada, % of companies offering</th>
</tr>
</thead>
<tbody>
<tr>
<td>Telecommuting at least once a week</td>
</tr>
<tr>
<td>Ability to work part-time or on a reduced schedule</td>
</tr>
<tr>
<td>Maternity leave beyond legal requirements</td>
</tr>
<tr>
<td>Paternity leave beyond legal requirements</td>
</tr>
<tr>
<td>Emergency back-up childcare services</td>
</tr>
<tr>
<td>Programmes to smooth transition to and from extended leave</td>
</tr>
<tr>
<td>Subsidies for regular childcare</td>
</tr>
<tr>
<td>On-site childcare</td>
</tr>
</tbody>
</table>


Recently, some large companies have begun to broaden their approach to care, the following examples show.

- Since 2017, L’Oréal has ratcheted up its care policy and programmes by extending both fully paid maternity and paternity leave, subsidizing care for mothers returning to work, promoting flextime and teleworking, and providing on-site crèche facilities in some countries (see Box 6.2).
In 2017, Italian oil and gas multinational Eni launched a pilot Smart Working project on new parenthood which allows both female and male parents to work outside their usual company site of work for two days per week.

In 2015, Microsoft extended fully paid parental leave for United States employees to 20 weeks (eight weeks of maternity leave plus 12 weeks of parental leave). In 2019, the company extended its subsidized back-up childcare and elder care support for United States employees from 100 to 150 hours.149

In 2019, Target announced it would expand the package of measures for its 350,000 employees to include up to four weeks of paid time off to care for newborns or sick family members, and 20 days of in-centre childcare or in-home back-up childcare or elder care. These measures apply to both full-time and part-time employees.150

Anecdotal evidence, however, does not confirm a trend. In national or subnational contexts where corporate care policy is not being propelled by government regulation, corporate action in this area may be confined to a fairly narrow set of firms and sectors. In the United States, for example, it is often the large tech, retail and professional services corporations that have taken the lead, responding partly to the changing cultural (millennial) composition of the workforce and/or the tightening of labour markets.

But progress, more generally, has been limited—as indicated by the US 2016 National Study of Employers:

Overall, when we look at the workplace flexibility and employee policy landscape for the nation today, we see trends that do not support the recent high profile announcements of expanded paid parental leave benefits by Netflix, Amazon, Microsoft, Johnson & Johnson, Ernst & Young and a few others. Though there has been a small increase in the proportion of employers allowing (at least some) employees to return to work gradually after childbirth or adoption and to have special consideration after a career break for personal/family responsibilities, we find that the average maximum number of weeks of parental and caregiving leaves did not change significantly between 2012 and 2016. The highest estimates for all four types of leave were back in 2005 when the economy was still strong! (Matos et al. 2017:5).

This study indicates that a limited level of support has been provided by employers for (i) worksite related childcare (7 percent of sample;}

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149 See Microsoft entry at https://fairygodboss.com/company-benefits/microsoft

150 See Quartz at Work 2019.
20 percent of large employers; (ii) vouchers or subsidies (2 percent of sample; 8 percent of large employers); and (iii) back-up or emergency care (5 percent of sample; 9 percent of large employers). Only in the case of back-up care had employer support increased since 2012 (from 3 to 5 percent). The study also found evidence of limited organizational support for flexible working arrangements: no change in the culture of flexibility was found between 2012 and 2016, and there was some evidence of a decline in employer support since 2005.

Between 2012 and 2016, only three forms of flexibility (out of 18 options) showed a significant increase:

- employers allowing (at least some) employees to return to work gradually after childbirth or adoption (73 percent in 2012, 81 percent in 2016);
- employers allowing (at least some) employees to receive special consideration after a career break for personal/family responsibilities (21 percent in 2012, 28 percent in 2016);
- employers allowing (at least some) employees to work some of their regular paid hours at home on a regular basis (33 percent in 2012, 40 percent in 2016).

In several countries, the regulatory environment is moving in a care-friendly direction. This is particularly apparent in some countries of the European Union. Approved in June 2019, the Directive on Work-Life Balance for Parents and Carers is the latest in a series of regulations and guidance addressing the issue of gender equality. The Directive supports “carers’ leave”, described as “a new concept at EU level for workers caring for relatives in need of care or support after a career break for personal/family responsibilities” (European Commission 2016). The Directive also promotes paternity leave (at least 10 working days of paid leave); parental leave (four months, with pay level to be determined by member states); and flexible working arrangements not only for parents but other “working carers” (European Council 2019).

Pressures for regulatory action related to care are not confined to wealthier countries. Several developing countries have passed laws extending paid leave and requiring employers over a certain size to provide on-site childcare facilities. In India, for example, the Maternity Benefit Act was amended in 2017 to extend paid leave from 12 to 26 weeks in organizations employing 10 or more workers, and to oblige employers with 50 or more workers to provide on-site or nearby care facilities for children under six years of age. Similarly, in El Salvador the 2018 Special Law for the Regulation and Installation of Childcare Centers obliges employers with over 100 employees to provide nursery facilities for workers’ children up to three years of age, starting in 2020 (FLA 2018).

Regulations, however, often take a long time to be implemented. In some countries, low implementation rates are a major problem. The Republic of Korea, for example, mandates a comprehensive set of care-related measures. Apart from maternity and pregnancy leave, however, relatively few companies comply. A survey of 1,000 businesses in 2013 found the following implementation rates for policies relating to maternity leave (19.4 percent), working hour reduction for childcare (8.4 percent), and workplace childcare centres (39.1 percent) (Yoo and Oh 2017).

Implementation of care-related regulations now emerging in several countries can be slow. In the case of the EU, member states have up to three years just to prepare the legal and administrative basis for compliance. Similarly, in India uptake and implementation of the amended Maternity Benefit Act has been sluggish, pending the required regulatory action at the state level and due to a lack of clarity as to the cost implications for employers. In such contexts, there is much that corporations committed to sustainability principles and performance can do to take the lead.
Unlike those for gender diversity and the gender pay gap, quantitative metrics related to care as a multifaceted issue are severely underdeveloped. Under current reporting guidance issued by GRI and IRIS, the measurement of care-related aspects is largely restricted to maternity and parental leave associated with childbirth or adoption (see Annex 8). Corporate best practice typically relates to whether the company goes beyond the time requirements stipulated in law and/or extends leave benefits also to male employees, as well as return and retention rates for employees that have taken parental leave.

When other aspects of care support are reported by companies, there is a tendency to refer to qualitative indicators related to policy intent, the existence of programmes, and tick-box “yes” or “no” answers. To rate companies on diversity and inclusiveness, some tools look no further than whether the company “claim[s] to provide day care services for its employees”; and “claim[s] to provide flexible working hours or working hours that promote a work-life balance” (Thomson Reuters 2018:10). Bloomberg’s Gender Reporting Framework aims to assess whether such options are available for most employees. Companies are asked the following:

- In markets where this benefit is not covered by government programmes, does the company provide: (i) back-up childcare services or childcare subsidies or (ii) back-up elder care services or elder care subsidies?
- Does the company offer an option to control and/or vary the start or end times of the workday or workweek (for example, flextime) to at least 80 percent of its global employee base?
- Does the company offer an option to control and/or vary the location where employees work (for example, telecommuting or work from home) to at least 80 percent of its global employee base? (Bloomberg 2020:5-6)

But metrics associated with policy intent and the existence of programmes tell us little about the impact of corporate policy on diminishing the double burden and enhancing work-life balance. Given the centrality of care in explaining gender inequality and women’s disadvantage in the workplace, there is a pressing need to develop quantitative indicators related to care support other than those related to maternity or parental leave and flexitime. To gauge the performance of companies in the care domain, it is important to know something about the scale of support in terms of all or some combination of the following: (i) numbers of beneficiaries; (ii) tangible financial benefits; and (iii) the extent of flexibility in time use.

Regarding the numbers of beneficiaries, one approach would be to extend GRI indicators related to parental leave to care more generally. Regarding parental leave, the GRI specifies the following indicators under its 401-3 standard:

- Total number of employees that were entitled to parental leave, by gender.
- Total number of employees that took parental leave, by gender.

Assessing the care needs of employees in relation to, say, pre-kindergarten, pre-teen and elder care would establish a baseline of the potential universe of employees with significant care responsibilities. From there it would be possible to measure (i) the number and proportion of employees entitled to care support under existing company policies and programmes, and (ii) the number of employees who actually take advantage of such support. This, in turn, would shed light on the scale of benefits that may exist on paper but are not taken up by employees.

Family-friendly policies are sometimes referred to as “ghost benefits” given situations in which few employees actually use the benefits (Financial Times 2019b). Referring to the situation of senior female executives in corporate America, and the fact that high-profile tech companies like to publicize their offers of better-paid parental leave, Anne-Marie Slaughter contends: “I still think the question is, do they walk the talk? I mean my first question in any of those companies is, ‘Okay, and how many senior executives have actually taken advantage of these policies?’ Because unless they say ‘many’, or at least ‘some’, it’s not real”. In 2016, IRIS introduced a new metric on flexible work arrangements, asking organizations to report on whether they offer such arrangements to full-time, part-time, or temporary employees, and to footnote details of the flexible arrangements offered and the uptake of them.

As has been noted in relation to elder care, the assessment of care needs can also factor in the intensity of responsibilities, distinguishing different levels of need depending on personal or family circumstances. See interview with Anne-Marie Slaughter about her book Unfinished Business: Women, Men, Work, Family (Random House, 2015) in Business Insider, 15 October 2015. https://www.businessinsider.com/anne-marie-slaughterunfinished-business-2015-10
Regarding financial support, it would be beneficial to quantify gross and per beneficiary company spending on (i) maternity and paternity leave beyond the mandatory minimum, (ii) care-related subsidies, (iii) backup care support, and (iv) actual childcare services provided by the company. Concerning time use and locational advantages associated with flexitime and teleworking, it would likewise be useful to know the number and proportion of employees taking advantage of this support, say, per week or month.

Unfortunately, there is a dearth of publicly available financial information on company investment and expenditure on corporate care. Such information may not be available even in-house. Referring to a study of what CEOs require from diversity officers, Edward Hubbard notes that corporate heads “want to see the impact and ROI of their diversity investments but instead receive only activity and satisfaction data” (Hubbard 2017).

Return on investment (ROI) or value of investment (VOI) calculations related to corporate care support are likely to become more commonplace not only as corporations come under increasing pressure to provide support but also in the context of mounting evidence that costing of both tangible and intangible benefits is likely to yield positive returns. Chase Manhattan Bank (now JP Morgan Chase), for example, found that while the annual cost of backup care in 2010 was USD 1.13 million, such care generated USD 1.26 million in net savings and a ROI of approximately 110 percent (Cascio and Boudreau 2011:180). Patagonia, which provides on-site childcare at certain sites, has estimated that this costs an estimated USD 1 million a year, most of which is recoverable. For the purposes of transformative sustainability accounting, it is critical that companies begin systematically to calculate care-related investment and expenditure related to both childcare and elder care.

Transparency as a driver of change

Disclosure related to gender equality remains one of the weakest areas of sustainability reporting. As noted earlier, data are often skewed towards very partial aspects (for example, the percentage of women on boards, sexual harassment) or metrics of limited or questionable relevance (such as unconscious gender bias training), or such data are simply not reported.

Reporting standards, like those of the GRI, call for disclosure on the gender pay gap disaggregated by employee category:

GRI 405: Diversity and Equal Opportunity—Disclosure 405-2: Ratio of the basic salary and remuneration of women to men.
  a. Ratio of the basic salary and remuneration of women to men for each employee category, by significant locations of operation.
  b. The definition used for ‘significant locations of operation’.

As RobecoSAM (2015) points out, however, such data are often not disclosed. As in the case of other issues examined in Part 2 of this report, such as corporate taxation (Chapter 7) and corporate political influence (Chapter 9), this implies that the first step within corporate sustainability performance accounting is to insist on transparency.

Transparency is a crucial driver of change. It not only allows management and stakeholders to identify the extent and nature of problems related to gender equality and areas for action; it also assists firms concerned with reputation and risk management. Companies projecting themselves as CSR adherents, or even sustainability leaders, may suddenly observe a clear gap between their discourse and performance. And by being in the spotlight, these and other firms can become targets of stakeholders concerned with inequality, ethical performance or risk management.

In what is reportedly the first empirical study of the impact of mandatory wage disclosure on the gender wage gap, gender diversity and

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157 Tangible benefits which are captured in ROI include cost savings and/or productivity and efficiency gains associated with the retention of skilled employees, the costs of hiring and training new employees when former employees leave, and absenteeism. Intangible benefits that feature in VOI include improved morale, focus, commitment and well-being in the workplace; innovation associated with female leadership roles and gender balanced teams; and enhanced corporate reputation that attracts qualified employees and facilitates access to markets (Care. com 2019; EHS Today 2016; IFC 2017).

158 The company has also estimated that it recovers 91 percent of calculable costs via tax benefits, employee retention and “employee engagement” related to job satisfaction, not factoring in various intangible benefits (Macario 2016).
the economic performance of relatively small enterprises, Bennedsen et al. (2018) find that in Denmark:

- disclosing disparities in gender pay does in fact narrow the gender wage gap. It also can increase the number of women being hired, indicating that the supply pool of female employees increases as gender pay transparency improves; increase the number of female employees being promoted from the bottom of the hierarchy to more senior positions; [and] lower companies’ overall wage bills, largely by slowing down the growth of male wages.\textsuperscript{159}

Equileap draws a connection between legislation mandating transparency about pay gaps and the best performing companies, that is, those achieving a mean overall gender pay gap of less than or equal to 3 percent. While only 27 large corporations of a sample of 1,107 did so, 41 percent are located in the UK where disclosure is mandatory (Equileap 2018a:14).\textsuperscript{160}

The regulatory tide appears to be moving in the direction of greater openness. Beyond ESG reporting standards, a variety of government regulations, shareholder resolutions, ratings initiatives and indexes tailored for investors are all calling for transparency.

Great Britain and France, for example, introduced legislation in 2017 and 2018, respectively, obliging companies over a certain size to report publicly on the gender pay gap. A ruling by the United States Equal Employment Opportunity Commission in 2016 required companies with more than 100 employees to report to the government on pay gaps related to gender, race and ethnicity.\textsuperscript{161}

Germany (2017) and Spain (2019) mandated another approach that gives employees and/or worker representatives the right to know the remuneration of comparable employees.

Pressures are also building on companies to provide a breakdown by category of employee rather than just reporting a global corporate average figure. This may be hierarchical, along the lines presented in Table 6.1 above, and include entry level or operational level, junior management, senior management and C-suite.

The French law also offers the option of a socio-economic classification such as workers, employees, technicians/supervisors, engineers/executives. Furthermore, it mandates that either the hierarchical or socioeconomic data be arranged by age groups (under 30, 30-39, 40-49, and 50 plus).

In addition to data related to a company’s
global mean and median raw (that is, unadjusted) gender pay gap, Bloomberg proposes classification based on income quartiles, as does the UK government:

- Measure the number of women in your pay quartiles by stacking all full-time employees globally from highest to lowest compensation and dividing into four equal quartiles. Compensation should include base salary, bonus, stock, and any other monetary benefit(s).
  - (a) What is the company’s proportion of women in the top pay quartile globally?
  - (b) What is the company’s proportion of women in the upper middle pay quartile globally?
  - (c) What is the company’s proportion of women in the lower middle pay quartile globally?
  - (d) What is the company’s proportion of women in the lower pay quartile globally? (Bloomberg 2020:4).

Employers in Great Britain with over 250 employees must report (i) the mean and median gender pay gaps, (ii) the mean and median bonus gender pay gaps, (iii) the proportion of males and females receiving a bonus payment, and (iv) the proportion of males and females in each quartile band (ACAS and Government Equalities Office 2019). Published data show that the percentage share of total female employees in the lowest pay quartile typically exceeds that of men, whereas the percentage share of men in the top quartile is greater than that of women (Financial Times 2018c).

Regarding transparency related to care, the challenge is particularly acute since companies rarely generate and publicly report basic data required to assess performance in quantitative terms. Data could include the number of

\textsuperscript{159} The study found that the gender pay gap in firms that were obliged to report declined by 7 percent between 2003 and 2008. It also found that these firms experienced a 2.5 percent decline in productivity relative to the control group comprising non-reporting firms. The negative effect on net income, however, was compensated by savings on male wages (Bennedsen et al. 2018).

\textsuperscript{160} Equileap maintains a database on over 3,000 publicly listed companies with a market capitalization of over USD 2 billion in 23 countries and tracks their gender balance and commitment to gender equality (Equileap 2018b).

\textsuperscript{161} While the ruling was blocked by the Trump Administration, this decision is, at the time of writing, being challenged in court. See Bloomberg, 6 March 2019. “U.S. companies may have to report gender pay data by end of May,” at https://www.pionline.com/article/20190306/ONLINE/190309911/u-s-companies-may-have-to-report-gender-pay-data-by-end-of-may
employees with care responsibilities, both in relation to childcare and elder care; the number of employees entitled to care support under company policies and programmes; the number of actual beneficiaries; and the level of financial support involved per beneficiary.

Targets

Transparency related to public reporting of relevant performance metrics is just the first step in sustainability accounting. There are mounting pressures on large employers not only to disclose but also to explain differences related to gender imbalance, the pay gap and lack of progress, and to adopt action plans and set targets. While companies increasingly report gender equality data, many fail to combine this information with time-bound target-driven plans and programmes. Even among a group of signatory corporations to the UN Women’s Empowerment Principles that were assessed in 2018, only 30 percent set time-bound, measurable goals and targets in their strategies, while just 15 percent set goals to build the pipeline of women for management positions (UN Global Compact et al. 2018).

When assessing the response to legislation mandating public disclosure, the UK Human Rights Commission found that while one in five employers in the sample “had produced an identifiable action plan that was time-bound and included target-driven activities, only 11% had set themselves targets that would enable them to measure the progress of their plans year-on-year” (EHRC 2018:5). And when presented, action plans “in many cases... made a general reference to activities they would undertake, such as reviewing flexible working policies, without stating when they might do this or, in some cases, their purpose for doing so”. Among those that did set targets was a construction company that aimed to increase the number of women earning over GBP 40,000 a year to at least 25 percent by 2025, and an entertainment firm that committed to ensuring that women would represent 30 percent of their senior management and that the gender pay gap would be reduced to less than 10 percent by 2020.

The experience of publicly mandated disclosure of the gender pay gap in Great Britain and France reveals not only that companies may provide inaccurate and misleading data, but also the need for explanatory narrative reports and action plans, including “explicit reference to time-bound and target-driven activities based on best practice policy and practice [sic], as outlined in our strategy to close pay gaps” (EHRC 2018:4). In this regard, France has recently mandated a more rigorous approach to disclosure and proof of progress (Le Roux and Kim 2019). Similarly, Bloomberg’s Gender Equality Index, launched in 2018, asks companies not only to report on whether they publicly disclose quantitative gender pay gap statistics for the global workforce, but also whether they publicly share a specific, time-bound action plan to close the gender pay gap (Bloomberg 2020:4).

There are different reference points or benchmarks that might guide corporate sustainability performance and accounting related to gender balance and the pay gap. From the perspective of sustainable development—when understood in terms of thresholds and fair allocations associated with thriving, justice and equality—the ultimate target for the gender pay gap would presumably be zero. Whether this can be achieved, however, depends on equal gender representation, particularly in more senior occupational categories. Where this does not occur, something like the Equileap criterion for “best performing companies” could be considered, namely a pay gap equal to or less than 3 percent. Rapid convergence, measured by the annual percentage decrease in the pay gap, would be an indicator of meaningful progress.

As regards gender diversity, there are two ways of thinking about targets from an aspirational perspective associated with thriving. One would be to assume that the appropriate target for gender balance should be determined by demographic balance, that is, 50-50. Another would be to adjust this figure based on the type of analysis found in the capability approach of Amartya Sen (see Chapter 3 and Annex 6), where well-being is seen as the outcome of people realizing their choices. From this
corporate sustainability accounting: what can and should corporations be doing?

In 2018, women constituted 41 percent of Accenture’s global workforce (Barratt 2018).

Another reference point could be the performance of countries identified as leaders or top performers. According to the OECD, these are countries where the female share of managers is above 37 percent and the gender gap in the labour force participation rate is below eight percent (OECD 2018a). The Vigeo Eiris rating identifies Norway, France, Sweden, Finland and South Africa as leaders in this regard (see Table 6.4).

Gender diversity goals are sometimes the first target that companies set not only to address a core aspect of inequality per se but also as a means to correct the gender pay gap. When the financial services group Citi found that its global gender pay gap in 2018 was 71 percent of the global median for men (and 93 percent for United States minorities compared to non-minorities), the company announced: “As a starting point, our goal is to increase representation at the Assistant Vice President through Managing Director levels to at least 40% for women globally and 8% for Black employees in the U.S. by the end of 2021”.

The Equileap ranking of top companies for gender equality provides data for a group of what it regards as the top 200 publicly listed companies. Table 6.3 shows the difference in performance of this group in relation to gender balance with a wider sample of publicly listed companies.

Mandatory regulations and voluntary standards related to women’s representation on company boards, particularly in Europe, North America and Australia, have had an impact, with many more companies reporting boardroom gender diversity figures of 30 percent or more, as compared with the executive level. In several developing countries, though, it is at the executive level where gender diversity is relatively high. A Vigeo Eiris rating of more than 3,800 listed companies in 60 countries places Chile at the top, with 29 percent (Vigeo Eiris 2018). The rating also identified 20 firms where women occupied between 43 and 69 percent of executive-level positions, far higher than the average figure of 20 percent. Leading companies for both boardroom- and executive-level gender diversity, identified in the rating, are listed in Annex 10.

Another approach to target setting is to focus on existing best-in-class comparisons, voluntary targets set by ratings of standard-setting bodies, and international regulatory standards. The best-in-class benchmark positions the performance of what are regarded as corporate gender equality leaders as the comparator. Several corporations are setting short-term targets for gender balance in the range of 25 percent to 30 percent for senior management, and parity for the global workforce. Accenture, for example, aims to achieve 25 percent female managing directors by 2020 and gender balance in the overall workforce by 2025. Similarly, Vodafone has set a 30 percent target for management by 2020 and a 50/50 split for global graduate hires (Barratt 2018).

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<table>
<thead>
<tr>
<th>Region</th>
<th>Board</th>
<th>Executives</th>
<th>Senior management</th>
<th>Workforce</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top 200</td>
<td>34.3</td>
<td>25.6</td>
<td>31.9</td>
<td>41.7</td>
</tr>
<tr>
<td>Total sample*</td>
<td>28.7</td>
<td>18.0</td>
<td>25.2</td>
<td>38.5</td>
</tr>
<tr>
<td>Asia-Pacific</td>
<td>23.9</td>
<td>19.2</td>
<td>28.8</td>
<td>41.3</td>
</tr>
<tr>
<td>Europe</td>
<td>31.5</td>
<td>15.6</td>
<td>23.7</td>
<td>37.8</td>
</tr>
<tr>
<td>North America</td>
<td>26.4</td>
<td>21.5</td>
<td>26.5</td>
<td>38.1</td>
</tr>
</tbody>
</table>

* 1,107 publicly listed companies
Source: Equileap 2018b

164 In 2018, women constituted 41 percent of Accenture’s global workforce (Barratt 2018).

165 These are companies with a market capitalization of over two billion dollars.

Some voluntary standard-setting initiatives also provide pointers as to quantitative targets. A particularly ambitious target was set by signatories to the 2008 Southern African Development Community’s (SADC) Protocol on Gender and Development. Signatories committed to a target (which no country met) of appointing women to 50 percent of decision-making positions in both public and private sector organizations by 2015 (Viviers et al. 2017).

Initiatives such as the Women in Finance Charter, which aims to improve gender balance within senior management in the UK financial services sector, emphasize the need for time-bound target setting and public reporting. Its aim is to reach 33 percent women’s representation on boards and in senior management by 2020 (see Box 6.3).

Similarly, the 30% Club, established in 2010 to engage listed companies and leading professional services firms in a campaign to promote gender diversity, urges (but does not require) companies to set a time-bound target of 30 percent for women’s representation on boards.167

Various government regulations also specify targets, particularly in relation to gender balance on boards. Goals of 30 to 40 percent are common (Lee et al. 2015). The European Union actively promotes targets, following the adoption in 2012 of a proposal for an EU Directive on gender equity on the boards of publicly traded companies.168 As stated in the proposal:

The proposed objective of 40% for the minimum share of both sexes is in line with the targets currently under discussion and set out in a number of EU Member States/EEA countries. This figure is situated between the minimum of the ‘critical mass’ of 30%, which has been found necessary in order to have a sustainable impact on board performance and full gender parity (50%) (European Commission 2012:4).

With regard to the gender pay gap, there seems to be considerable agreement that something approximating parity is desirable. A possible

### Table 6.4. Women’s representation at board and executive levels, by leading countries

<table>
<thead>
<tr>
<th>Country</th>
<th>Board</th>
<th>Executive</th>
</tr>
</thead>
<tbody>
<tr>
<td>Norway</td>
<td>41</td>
<td>25</td>
</tr>
<tr>
<td>France</td>
<td>39</td>
<td>20</td>
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<td>Sweden</td>
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<td>Finland</td>
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<td>23</td>
</tr>
<tr>
<td>South Africa</td>
<td>23</td>
<td>28</td>
</tr>
</tbody>
</table>

Source: Vigeo Eiris 2018.

### Box 6.3. Women in Finance Charter

Concerned with the lack of gender balance within the financial services sector in the United Kingdom, HM Treasury launched the Women in Finance Charter in 2016. By mid-2019 the Charter had 350 signatories with a total of approximately 800,000 employees. The Charter emphasizes time-bound target setting to increase the percentage of women in senior management. HM Treasury recommends that signatories meet the target of 33 percent by 2020 set in 2016 by the Hampton-Alexander Review for women’s representation at board and senior management levels.169

Based on a sample of signatories, an assessment of the impact of the Charter carried out in 2019 found that:

- 45 percent of 123 signatories analysed had met or exceeded their targets for female representation in senior management. A further 42 percent that have targets with future deadlines said they are on track to meet them.
- For signatories that still have a target to reach, average female representation in senior management is 31 percent. If they can maintain their current rate of increase, these signatories are on track to meet their 38 percent average target in three years.
- The majority of signatories have set ambitious targets for increasing their proportion of senior women. Twenty-five percent have a goal of parity. Two-thirds have set targets at 33 percent or above.

Source: Seddon-Daines 2019.

167 See The 30% Club at https://30percentclub.org

168 In Belgium, Germany, France and Italy where legislation was introduced, the percentage of women on boards increased by 238 percent between October 2010 and 2016 when it reached approximately 34 percent. In contrast, the rate increased just 76 percent in other EU28 countries, where the average was approximately 20 percent (European Commission 2017. Fact Sheet Questions and Answers: What is the EU doing for women’s rights and gender equality? 8 March http://europa.eu/rapid/press-release_MEMO-17-470_en.htm).

169 Concerned with the lack of gender balance within the financial services sector in the United Kingdom, HM Treasury launched the Women in Finance Charter in 2016. By mid-2019 the Charter had 350 signatories with a total of approximately 800,000 employees. The Charter emphasizes time-bound target setting to increase the percentage of women in senior management. HM Treasury recommends that signatories meet the target of 33 percent by 2020 set in 2016 by the Hampton-Alexander Review for women’s representation at board and senior management levels.169
benchmark could be the performance of companies or countries identified as leaders or top performers. According to the OECD (2018a), top-performing countries are those with gender pay gaps of less than 10 percent. The Equileap scorecard method, for example, which is used for identifying and ranking the best performers in terms of gender equality, singles out companies with a mean gender pay gap of 3 percent or less: “27 companies in the data sample published figures showing a mean overall gender pay gap of less than or equal to 3% in the company’s country of incorporation” (Equileap 2018b:14).

The best-in-class comparison framework identifies companies that (i) have nearly or already achieved parity, and (ii) those where the pace of progress well exceeds conventional rates of change. Mandatory reporting in Great Britain has revealed that 24 percent of employers have no gender pay gap, or one that favours women. Employers in this group include Unilever, BT and Ocado.

Best-in-class comparisons can also provide pointers as to the pace of change. Given the variations in initial conditions and labour market contexts that different firms and industries experience, timeframes associated with gender diversity will inevitably vary. In relation to women’s representation in the United States and Canada, a Lean In and McKinsey & Company study found significant variations by industry at different hierarchical levels—ranging from 10 percent to 33 percent, for example, in the C-suite (see Table 6.5).

Ambitious time-bound quantitative targets to reduce the gender pay gap are a scarce commodity, whether at the level of corporate sustainability accounting or normative and regulatory initiatives and proposals. There is clearly frustration, however, with the slow pace of progress. RobecoSAM’s assessment of the gender pay gap among 2,686 companies between 2013 and 2017 suggests it is worsening for “executives,” not changing for “managers” and improving slightly for “non-managers.” Even in relation to the last category, at the present pace of change it would take 22 years to eliminate the gap (RobecoSAM 2019).

Data presented by the Institute for Women’s Policy Research show that the gender pay gap in the United States declined just three percentage points in each of the past three decades, from 74.2 percent in 1997 to 77.8 percent in 2007 and 80.5 percent in 2017 (IWPR 2019). On this trend it would take until about 2070 to close the gap in the United States (Chamberlain et al. 2018). Other sources refer to 2119 as the relevant year in the United States.

Data for Great Britain show that progress in closing the gender pay gap has been extremely slow. Between 2012 and 2019 the gender pay gap for full-time employees decreased by 0.6 percent, and actually increased slightly in 2019 from 8.6 to 8.9 percent. Progress is more evident in the case of part-time workers, largely due to increases in the national minimum wage. Data for 2019 record a 0.5 percent decrease in the gender pay gap for all employees (full- and part-time), which stood at 17.3 percent.

<table>
<thead>
<tr>
<th>Industry</th>
<th>Entry level %</th>
<th>Senior management %</th>
<th>C-suite %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Banking and consumer finance</td>
<td>50</td>
<td>38</td>
<td>27</td>
</tr>
<tr>
<td>Food and beverage distribution</td>
<td>46</td>
<td>24</td>
<td>15</td>
</tr>
<tr>
<td>Health-care systems and services</td>
<td>75</td>
<td>57</td>
<td>33</td>
</tr>
<tr>
<td>IT services and telecoms</td>
<td>35</td>
<td>29</td>
<td>15</td>
</tr>
<tr>
<td>Oil and gas</td>
<td>38</td>
<td>20</td>
<td>10</td>
</tr>
<tr>
<td>Retail</td>
<td>60</td>
<td>45</td>
<td>28</td>
</tr>
<tr>
<td>Transportation, logistics, infrastructure</td>
<td>56</td>
<td>33</td>
<td>15</td>
</tr>
</tbody>
</table>

What might be an acceptable rate of progress? While this would clearly depend on the scale of the pay gap, it is apparent from the narratives of some corporations—adidas for example—and other organizations promoting gender pay equity that a narrowing of 3 percent or more per annum is viewed favourably. A 2016 KPMG study on the gender pay gap in Australia notes the positive cases of a mining firm and an insurance company that reduced pay gaps by approximately 3 percent and 6 percent, respectively, per annum over several years (KMPG 2016). In 2016, the engineering and construction corporation AECOM received the employer of choice citation from the Australian government’s Workplace Gender Equality Agency for achieving, inter alia, a 3.4 percent reduction in the gender pay gap during the year under review.

As regards company support for caregiving, quantitative normative targets are less obvious. An alternative could be to assess the extent to which companies have in place a portfolio of support programmes that includes seven elements: (i) paid parental leave related to pre- and post-natal care or adoption; (ii) family leave for other caregiving needs; (iii) flexitime; (iv) teleworking; (v) childcare subsidies and on-site provision; (vi) emergency backup care support; and (vii) transition assistance associated with extended leaves. Companies that offer all seven programmes can at least claim to have broadened their approach beyond short-term parental leave associated with childbirth or adoption to recognizing care as a lifecycle issue.

The SDGs can serve as a useful framework for time-bound target setting. The goals and targets referred to in Box 6.1 not only set 2030 as a key date, but also have prompted numerous corporate sustainability initiatives to meet the goals. In addition to several initiatives referred to in Part I that promote sustainability reporting aligned with the SDGs, there are others actively promoting compliance. These include the Equal Pay International Coalition (EPIC), led by the ILO, UN Women and the OECD. EPIC engages corporations (among others) to pledge to take concrete steps to accelerate the closing of the gender pay gap and the achievement of pay equity within the framework of target 8.5 of the SDGs. Nevertheless, the specific references within SDG 5 and 8 to “full participation” of women in managerial positions and “equal pay for work of equal value” fall short of what is required to actually achieve gender balance and a significant reduction in the gender pay gap.
Concluding remarks

The following key takeaways emerge from this discussion. From a transformative perspective, corporate sustainability accounting needs not only to emphasize gender equality, but also to focus on issues and indicators that relate to the structural underpinnings of gender inequality and disadvantage in the workplace. From this vantage point, key performance issues involve the gender pay gap, gender balance and support for unpaid care work.

Conventional disclosure and reporting related to these aspects suffer from two major limitations. First, the metrics and indicators do not necessarily tell us very much about whether the structural conditions related to segmented labour markets and segregated occupational categories, as well as cultural norms, bias and the care burden, are being addressed. Second, conventional indicators often relate to very partial aspects of gender inequality, injustice and disadvantage that miss the bigger picture.

There needs to be greater clarity and consensus regarding methods to calculate the gender pay gap and more attention paid to transparency via publicly reported data, time-bound targets, and granular disclosure of pay gaps by occupational category and by remuneration category (such as income quartiles).

Metrics and targets related to gender balance need to extend beyond company-wide averages, and the boardroom or the C-suite, to a diverse range of occupational, hierarchical and remuneration categories. This focus would provide a window onto how women are faring in relation to four transitions: (i) from the home or the informal economy to the formalized workforce; (ii) from operational to supervisory or managerial roles; (iii) from junior to senior management; and (iv) through the glass ceiling, represented by the C-suite and the boardroom. Targets within the range of 30 percent to 50 percent, and the specific goal of 40 percent, constitute benchmarks for gender diversity that are gaining currency. Parity is the obvious normative goal for the gender pay gap, with any disparity not to exceed, say, three percent.

While sustainability accounting related to gender diversity and the pay gap has shown signs of improvement in recent years, the same does not apply to the issue of care. It is imperative for standard-setting bodies to develop more effective reporting guidelines and targets related to care. Conventional sustainability disclosure and reporting appear to have missed a key point about care as a material issue: it is not simply a short-term matter related to maternity or parental leave for pre- and post-natal care or adoption, but a long-term lifecycle issue. While public policy must play a key role in facilitating care, there are numerous ways in which companies themselves can also provide support.

A starting point can be disclosure that reveals whether companies are providing a comprehensive range of support programmes. But standard-setting bodies and companies could go further, identifying quantitative indicators to measure corporate sustainability performance related to care along three dimensions: (i) levels of financial support; (ii) flexible time use arrangements favouring care and work-life balance; and (iii) both potential and actual beneficiaries. Potential beneficiaries include both employees with significant care responsibilities as well as those entitled to care support. Actual beneficiaries include those who actually take advantage of various forms of care support to which they are entitled.

In a context where the pace of change, particularly in relation to the gender pay gap and care, has been slow, where time-bound targets have been neglected, and where more and more corporations are acknowledging the relevance and importance of the Sustainable Development Goals, specific SDGs and their 2030 timeframe provide important markers for corporate sustainability performance and accounting related to gender equality. Yet SDG targets related to pay and diversity fall short of what is required to ensure gender equality in the workplace.